

# FACT SHEET

## The Economic Value of Salish Kootenai College

OCTOBER 2015

*Salish Kootenai College (SKC) creates a significant positive impact on the business community and generates a return on investment to its major stakeholder groups—students, taxpayers, and society. Using a two-pronged approach that involves an economic impact analysis and an investment analysis, this study calculates the benefits to each of these groups. Results of the analysis reflect Fiscal Year (FY) 2013-14.*

### IMPACTS CREATED BY SKC IN FY 2013-14

GDP	JOBS
<b>\$15.5 MILLION</b> Operations spending impact	<b>316</b>
<b>\$216.2 THOUSAND</b> Impact of student spending	<b>17</b>
<b>\$33.8 MILLION</b> Alumni impact	<b>796</b>
<b>\$49.5 MILLION</b> Total impact	<b>1,128</b>

### IMPACT ON BUSINESS COMMUNITY

The region the college serves is defined as. During the analysis year, SKC and its students added **\$49.5 MILLION** in gross regional product (GRP) to the Flathead Indian Reservation economy, approximately equal to **7.4%** of the region's total GRP. By comparison, this impact from the college is nearly as large as the entire regional Retail Trade industry. The economic impacts of SKC break down as follows:

#### Operations spending impact

- SKC employed 240 full-time and part-time employees in FY 2013-14. Payroll amounted to **\$11.7 MILLION**, much of which was spent in the Flathead Indian Reservation to purchase groceries, clothing, and other household goods and services. The college spent another **\$14.2 MILLION** to support its day-to-day operations.
- The net impact of college payroll and expenses in the Flathead Indian Reservation during the analysis year was approximately **\$15.5 MILLION** in GRP.

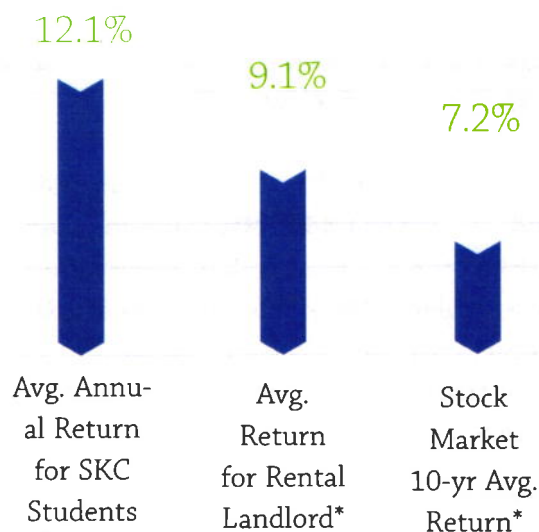
#### Impact of student spending

- Around 24% of students attending SKC originated from outside the region. Some of these students relocated to the Flathead Indian Reservation. These relocated students spent money on groceries, transportation, rent, and so on at region businesses.
- The expenditures of relocating and retained students during the analysis year added approximately **\$216.2 THOUSAND** in GRP to the Flathead Indian Reservation economy.

#### Alumni impact

- Over the years, students have studied at SKC and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in the Flathead Indian Reservation.
- The accumulated contribution of former students currently employed in the regional workforce amounted to **\$33.8 MILLION** in GRP during the analysis year.

**FIGURE 2. STUDENT RATE OF RETURN**



\*RealityTrac's Q3 2014 study of 586 counties nationwide.

\*Forbes's S&P 500 (compounded annualized) avg. return, 1994-2014.

**FOR EVERY \$1 SPENT BY...**

<b>STUDENTS</b>	<b>\$2.60</b> Gained in lifetime income for STUDENTS
<b>TAXPAYERS</b>	<b>\$2.50</b> Gained in added national income and social savings for TAXPAYERS
<b>SOCIETY</b>	<b>\$4.40</b> Gained in added taxes and public sector savings for SOCIETY

**RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY**

*Student perspective*

- SKC's FY 2013-14 students paid a total of **\$5.9 MILLION** to cover the cost of tuition, fees, and supplies. They also forewent **\$10.7 MILLION** in money that they would have earned had they been working instead of learning.
- In return for the monies invested in the college, students will receive a present value of **\$43.4 MILLION** in increased earnings over their working lives. This translates to a return of **\$2.60** in higher future income for every \$1 that students invest in their education. The average annual return for students is **12.1%**.

*Taxpayer perspective*

- In FY 2013-14, taxpayers paid **\$17.5 MILLION** to support the operations of SKC. The net present value of the added tax revenue stemming from the students' higher lifetime incomes and the increased output of businesses amounts to **\$35.3 MILLION** in benefits to taxpayers. Savings to the public sector add another **\$9.2 MILLION** in benefits due to a reduced demand for government-funded services.
- Dividing benefits to taxpayers by the associated costs yields a **2.5** benefit-cost ratio, i.e., every \$1 in costs returns \$2.50 in benefits. The average annual return on investment for taxpayers is **7.4%**.

*Social perspective*

- Society nationwide will receive a present value of **\$158.1 MILLION** in added national income over the course of the students' working lives. Society will also benefit from **\$26.1 MILLION** in present value social savings related to reduced crime, lower unemployment, and increased health and well-being across the nation.
- For every dollar that society spent on SKC educations during the analysis year, society will receive a cumulative value of **\$4.40** in benefits, for as long as the FY 2013-14 student population at SKC remains active in the workforce.